

MINUTES OF THE  
JOINT HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE  
Monday, January 22, 2007 - 2:00 p.m.  
Room W125, West Office Building, State Capitol Complex

Members Present: Sen. Allen Christensen, Committee Co-Chair  
Rep. Merlynn T. Newbold, Committee Co-Chair  
Sen. Chris Buttars  
Sen. Peter Knudson  
Sen. Ross Romero  
Rep. David Litvack  
Rep. Roz McGee  
Rep. Paul Ray  
Rep. Ken Sumsion

Members Excused: Rep. Paul Neuenswander  
Rep. Steve Urquhart

Staff Present: William Greer, Fiscal Analyst  
Debbie Headden, Fiscal Analyst  
Norda Shepard, Secretary

Public Speakers Present: Dr. George Delavan, Dir., Division of Community and Family Health Services  
Michael Hales, Director, Division of Health Care Financing  
Dr. David N. Sundwall, Executive Director, Department of Health  
Nate Checketts, Director, Children's Health Insurance Program (CHIP)  
Lloyd Berentzen, Bear River Health Department  
Teresa Garrett, Director, Division of Epidemiology and Laboratory Services  
Shari Watkins, Director, Office of fiscal Operations  
Barry Nangle, Director, Center for Health Data

A list of visitors and a copy of handouts are filed with the committee minutes.

The meeting was called to order by Co-Chair Newbold at 2:15 p.m. She indicated that public testimony on matters relating to the Department of Health would be taken during the subcommittee meeting on Wednesday, January 24. The meeting will be held in Room W135. She informed those wishing to speak at that meeting to sign on the sheet which was available at this meeting.

**1. Approval of Minutes**

**MOTION:** Rep. McGee moved to approve the minutes of January 22, 2007. The motion passed unanimously with Sen. Buttars and Rep. Ray absent at the time of the vote.

**2. Programs and Budget Reviews**

Fiscal Analyst William Greer distributed the Department Budget Summary - FY 2008 Building Blocks, a sheet indicating Prioritization of General/Education Fund Budget Changes from the 2006 Session and a blank Priority List page. Chair Newbold indicated that priority list page would help subcommittee members to take notes as hearings are held to assist them when they begin to make priority lists. Fiscal Analyst Debbie Headden distributed a list of criteria the Department of Human Services uses when prioritizing budget requests.

Mr. Greer said the first item of business would be to hear additional information concerning Early Intervention/Baby Watch and Vaccine Funding that were not fully covered in the previous meeting.

**A. Early Intervention/Baby Watch - Tab 5, Issue Brief 08-09**

Dr. George Delavan, Director, Division of Community and Family Health Services, explained that Early Intervention serves infants up to 3 years of age who have moderate to severe disabilities. There about 6,000 children served during the year. Service is provided by local providers and most services are delivered in the home. Services consist of speech and physical therapy and a range of other services particular to each individual case. Funding comes from fees, the state, and from federal funds. He indicated that all who are eligible must be served. There is a continuing caseload growth of about 200 cases a year. The state contracts with 15 local providers. He said there is concern that if provider reimbursements are not increased some providers may withdraw.

#### **B. Vaccine Funding - Tab 5, Issue Brief 08-10**

Dr. Delavan explained the Division is asking for \$500,000 for vaccine funding for immunizations. He said Utah ranks 41st among the states for having fully immunized two year olds. This request is to pay for extra vaccine to adequately immunize children who are under insured. Under federal guidelines this is now covered only in Community Health Centers. The Division wants to make it available to all qualified providers in the state.

#### **C. Health Care Financing**

Analyst Greer stated that the Medicaid program is a federal/state partnership. When states decided to participate in Medicaid there are mandatory services and optional services. Federal guidelines must be met for both. Under Tab 13 of the Budget Analysis Book is a fold out chart showing the mandatory and optional services, yellow indicating mandatory programs, green state required programs and white optional programs. He indicated that some optional programs are the result of waivers which make it possible to deliver services at less cost. Mr. Greer said because of the concern of the growing Medicaid caseload, the 2006 Legislature asked that a Medicaid Interim Committee be set up for study. This committee evaluated programs from the Department of Health, the Department of Human Services, Workforce Services and Department of Education. He reported that the Departments have spent a lot of time and effort in gathering information and the committee has only scratched the surface. They have recommended that the committee continue for five more meetings and recommended a 5% cap on Medicaid growth.

Mr. Greer indicated that the Medicaid program is very complicated. One of the biggest challenges the program is seeing now is the changing demographics with the Medicaid population becoming older. Health care for the elderly is some of the most expensive services.

#### **D. eREP System Implementation - Tab 5, Issue Brief WFS 01**

Mr. Greer explained that the Electronic Resource & Eligibility Product (eREP) is a software program that will be used by the Departments of Health, Human Services and Workforce Services. It will enable these department to have a single eligibility system where people can apply for different available programs. It is a \$70 million system of which approximately \$15 million comes from state funds. Workforce Services is requesting \$3,244,000 for eREP. The Medicaid part of the system is scheduled to come on line in 2008. No funding is requested from this subcommittee.

#### **E. Consolidation of Eligibility Systems - Tab 5, Issue Brief MIC 01 and Issue Brief 08-14**

Analyst Greer explained that currently, Medicaid eligibility is done by both the Department of Health and the Department of Workforce Services and it has been proposed to consolidate this service to the Department of Workforce Services. This is a separate issue, but together with eREP it will generate savings and make more money available for actual services to individuals. Over time, it will reduce the number of FTEs. The Analyst recommends a transfer of 253 eligibility workers, \$16,654,500, 10 vehicles, and 10 leased offices from the Department of Health to the Department of Workforce Services. He said when this consolidation is accomplished it will save \$3.5 to \$4 million in FTE and other costs. Co-Chair Christensen indicated he felt it was a little one sided and did try to get more information but found it difficult at times. He said he would favor this recommendation with a gentle hand.

Michael Hales, Director, Division of Health Care Financing, explained that the 253 FTE's transferred from the

Department of Health to Workforce Services would be those who determine eligibility for Medicaid. He said this transfer would require some adjustments and cost allocations may take a year to reallocate. Analyst Greer indicated that adjustments would be made on both departments and the recommended funding will help through this transition period.

#### **F. Medicaid One-Time General Fund Replacement - Tab 5, Issue Brief 08-15**

Mr. Greer explained that the 2006 Legislature transferred \$19,149,600 ongoing General Fund from the Department of Health - Medicaid to the Department of Human Services to offset federal fund reductions and the cost of the David C. lawsuit. These funds were replaced with one-time General Fund for FY 2007. He said these funds will need to be replaced for FY 2008 to keep the program at certain service levels. Co-Chair Newbold indicated this needs to be an item high on the priority list.

#### **G. Medicaid Caseload/Utilization - Tab 5, Issue Brief 08-12**

Mr. Greer indicated that this funding of \$3,049,000 General Fund and \$7,561,400 Federal Funds for Medicaid inflation is included in the base budget., HB 1. He said, as mentioned earlier, there is a falling case load growth but the growth is shifting from younger to older clients and requiring more costly services. Dr. David N. Sundwall indicated we should be grateful case loads are less and it reflects a better Utah economy, but people fluctuate in and out of Medicaid and we need to be prepared. In answer to committee questions, Mr. Greer indicated that if funding is not sufficient, adjustments would need to be made in eligibility or optional services offered.

#### **H. Medicaid Inflation - Tab 5, Issue Brief 08-13**

Mr. Greer indicated Medicaid Inflation deals with inflations issues and also provider reimbursement issues. He said if the state provides a program it must also have adequate providers. The chart on page 2 of this issue brief outlines a history of provider increases. House Bill 1 has included \$12,779,700 for adjustments for provider reimbursements. The Analyst recommends additional funding of \$261,400 on-going General Fund. He said the chart on page 3 of this issue brief show the cost of a 1% increase for all groups. These rates have an effect on access. If reimbursement rates are not increased many providers will discontinue taking Medicaid patients. The committee can use this chart to develop their own scenarios.

#### **I. Optional Medicaid Services - Tab 5, Issue Brief 08-16**

Mr. Greer said Adult Dental and Adult Vision Services are two of the many optional services offered by Medicaid. Adult dental and vision were not restored last year by the Legislature. Dental was renewed by private donations. They were not included in the base budget and additional money would need to be appropriated to be reinstated. It would require \$2,800,00 General Fund and \$6,706,100 Federal Funds for adult dental services and \$250,400 General Fund and \$599,600 Federal Funds for adult vision services. Sen. Buttars pointed out that unless provider rates are increased people will have trouble getting access for services.

In answer to committee questions on what other states provide for reimbursement, Mr. Hales said he would get printed information to subcommittee members.

#### **J. Expanded Medicaid Access - Tab 5, Issue Brief 08-17**

Mr. Greer explained that there are those people in the state who are eligible for Medicaid but are not receiving services, sometimes because they do not know they are eligible or they do not want to be on the program. He said that during open enrollment in CHIP many families find they are Medicaid eligible. There is a recommendation for \$5 million for anticipated case load for expanding Medicaid access. The Analyst recommends that funding for this item be taken from nonlapsing balances carried over from FY 2006.

**K. Medicaid Management Information System - Tab 5, Issue Brief 08-20**

Mr. Greer stated that two years ago, the Department of Health requested \$4 million to replace its 20 year old Medicaid Management Information System (MMIS). No state funding was allocated at that time for this project. The Analyst is recommending that the Department use \$1 million of current year nonlapsing General Fund to be matched with \$1 million Federal Funds for this building block.

Dr. Sundwall said he knows that Medicaid is a very costly and complicated program and stated he appreciates this subcommittee consideration of these budgets. He said the Department believes it is a valuable program that increases the quality of life for many people in Utah. He indicated the Department of Health supports the eligibility consolidation and distributed a copy of a letter written to each committee member. The Department also distributed a packet of fact sheets concerning the programs heard today. Dr. Sundwall stated the Medicaid budget is very tightly managed and hoped for Legislative support to help the Health Department serve the public.

**L. Children's Health Insurance Program (CHIP) - Tab 5, Issue Brief 08-18**

Three handouts were distributed entitled, "How Utah Can Cover Its Uninsured Children," and two information sheets concerning CHIP. Mr. Greer indicated the Governor's goal is to expand long term health care for children. He said some funding for CHIP comes from tobacco money and the chart on Issue Brief 08-19 show projection of tobacco money for FY 2008. Allocations are made in April of each year. He said Legislators need to be aware that there is litigation that may change this funding. He said no action is required at this point in time on tobacco money. The Analyst is recommending funding of \$4,175,000 to expand access to CHIP. This would allow an additional 12,300 children coverage.

Nate Checketts, Director, CHIP, answered subcommittee questions concerning new enrollment and stated they feel with their outreach program they will have no trouble in filling this enrollment. Dr. Sundwall said this \$4 million would help the Governor's stated goal to provide health care coverage for all children. Sen. Butters asked the Department to supply a list of department programs that provide services to under insured individuals.

**M. Local Health Departments - Tab 15, Budget Brief 8-10**

Mr. Greer stated that local health departments cover all areas of the state and provide local public health services. The State Department of Health utilizes the local health departments to administer many of the services required by state law. He said there is no action to be taken in this area except for provider increases which will be dealt with in Executive Appropriations.

Lloyd Berentzen, Bear River Health Department, stated there are 12 local health departments in the State. The \$2 million in the base budget is to cover core public health service. He said they have key areas of concern that have increased costs of operation including emergency preparedness, their medical service costs and disease control.

**N. Program Fees - Tab 5, Issue Brief 08-02**

Analyst Greer said this Issue Brief lists the fees charged by the various divisions to help cover costs of the services. This chart lists any changes. He explained that divisions are able to spend up to 125% of what dedicated credits that are appropriated.

Teresa Garrett, Director, Division of Epidemiology and Laboratory Services, answered subcommittee questions and explained the dramatic increases in microbiology fees. She said an audit showed that these fees had not been updated for ten years. Also, many were previously partially funded by federal dollars and now the Division has to cover the entire cost. She said it is also a reflection of the advanced technology and the way tests are done.

**O. Intent Language - Tab 5, Issue Brief 08-23**

Mr. Greer explained this Issue Brief lists the new intent language proposed for FY 2007 that will carry over to FY 2008 which authorizes a program to carry over unused funds and it is important that this funding be available. He also drew attention to proposed Intent Language for FY 2008 in Health Systems Improvement and Community and Family Health Services, which are listed in the Issue Brief.

#### **I. Federal Funds - Tab 5, Issue Brief 08-24**

Mr. Greer said the Legislative Fiscal Analyst is required by statute to submit a summary of federal grant applications. The Legislature needs to consider funding if federal funds are discontinued or reduced and the state needs to cover the cost. The Department of Health distributed a list of Reduction of Federal Funds from FY 2005 to FY 2007 of which the Department has not asked for funding.

Shari Watkins, Director, Office of Fiscal Operations, said the only state funding being requested for FY 2008 is for the Birth Defect Network. Dr. Sundwall pointed out that the state epidemiologist was previously federally funded but is now funded by the state. Barry Nangle, Director, Center for Health Data said the Patient Safety Grant has been discontinued. This is separate from the Patient Safety Initiative described on Thursday.

#### **J. Obesity Prevention Initiative - Tab 5, Issue Brief 08-21**

Mr. Greer said the health consequences of obesity are both life-threatening and disabling for adults and children and if we could change people's habits and reduce obesity it could result in a saving for Medicaid. The Analyst is recommending an appropriation building block of up to \$800,000 to be put on the priority list. The state already runs the Gold Medal School program which is a program designed to help children learn healthy life styles. Dr. Delavan explained that the funding for Gold Medal Schools comes from federal funds, state funds, and some from private donations. He said to expand the program to middle schools would require an additional \$300,000.

#### **3. Other Committee Business**

Co-Chair Christensen reminded those who wanted to speak in Wednesday's meeting to sign the speakers list. He also reminded everyone that Wednesday's meeting would be held in Room W135 to accommodate the anticipated larger crowd.

**MOTION:** Rep. Ray moved to adjourn. The motion passed unanimously with Sen. Knudson absent at the time of the vote.

Co-Chair Newbold adjourned the meeting at 4:50 p.m.

Minutes recorded by Norda Shepard, Secretary

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Sen. Allen Christensen, Committee Co-Chair

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Rep. Merlynn T. Newbold, Committee Co-Chair